

Message Text

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PAGE 01 TAIPEI 05225 01 OF 02 030139Z

63

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 EUR-12 /087 W

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R 030024Z AUG 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 0580

INFO AMEMBASSY SEOUL

AMCONSUL HONG KONG

UNCLAS SECTION 1 OF 2 TAIPEI 5225/1

E.O. 11652: N/A

TAGS: ECON, TW

SUBJECT: KEY ECONOMIC INDICATORS FOR JUNE, 1976

REF: (A) TAIPEI 4550; (B) STATE 057673

1. HIGHLIGHTS: TAIWAN'S ECONOMY SHOWED MIXED RESULTS IN JUNE. POSITIVE FACTORS INCLUDED CONTINUED INCREASE IN FOREIGN TRADE AND BUILD-UP OF FOREIGN EXCHANGE RESERVES; ON NEGATIVE SIDE, INDUSTRIAL PRODUCTION CONTINUED TO LAG, WHOLESALE PRICES KEPT RISING, AND SOME FIRMS--PARTICULARLY IN TEXTILE SECTOR EXPERIENCED WORSENING FINANCIAL PROBLEMS. EXPORTS OF \$642 MILLION (CUSTOMS) STRUCK SECOND HIGHEST MONTHLY RECORD (FIRST BEING \$658 MILLION REGISTERED LAST FEBRUARY). \$7.14 BILLION TOTAL TRADE IN FIRST HALF 1976 REPRESENTED INCREASES OF 38.8 PERCENT AND 16.8 PERCENT, RESPECTIVELY, OVER FIRST AND SECOND HALVES OF 1975. TRADE BALANCE WAS \$126 MILLION IN FAVOR TAIWAN VERSUS DEFICIT \$278 MILLION AND \$365 MILLION, RESPECTIVELY, IN FIRST AND SECOND HALVES 1975. FOREIGN EXCHANGE RESERVES IN JUNE INCREASED BY \$124 MILLION TO ALL TIME HIGH OF \$2.12 BILLION. MONEY SUPPLY (\$3.08 BILLION) INCREASED BY 6.9 PERCENT OVER MAY, BUT RATE OF INCREASE DROPPED TO 16.2 PERCENT (ANNUAL BASIS) COMPARED WITH 17.8 PERCENT IN MAY AND 21.3 PERCENT IN APRIL. ON OTHER HAND, INDUSTRIAL PRODUCTION INDEX, WHICH HAD REGISTERED STRONG UPSURGE SINCE SECOND QUARTER 1975, DECLINED

UNCLASSIFIED

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PAGE 02 TAIPEI 05225 01 OF 02 030139Z

BY 1.0 PERCENT AND 0.5 PERCENT IN MAY AND JUNE, RESPECTIVELY.

HOWEVER INDEX FOR CURRENT HALF YEAR WAS STILL SUBSTANTIALLY ABOVE FIRST AND SECOND HALVES 1975. WHOLESAL PRICES IN JUNE ROSE 0.71 PERCENT (OR 8.86 PERCENT IN TERMS OF COMPOUNDED ANNUAL RATE) WHILE CONSUMER PRICES DECLINED 0.85 PERCENT. LATTER ATTRIBUTABLE TO SEASONAL DROP IN RICE PRICES AFTER HARVEST AND MORE ABUNDANT SUPPLY OF FRUITS. IN LONGER PERSPECTIVE, COMBINATION OF HIGHER WAGES (SEE A-122 OF 7/26/76) AND IMPORT COSTS ARE STRONG INFLATIONARY FACTORS. ECONOMIC PLANNING COUNCIL'S QUARTERLY FORECAST OF BUSINESS PROSPECT (BASED ON SURVEY OF OVER 1,000 LEADING FIRMS) REVEALS EXPECTATION OF CONTINUED RECOVERY IN THIRD QUARTER THIS YEAR BUT AT SLOWER PACE PRIMARILY DUE TO LOW PROFIT MARGINS AND SLOW INVESTMENT TEMPO. A NUMBER OF OVER-EXPANDED TEXTILE FIRMS HAVE HAD ACUTE FINANCIAL PROBLEMS SINCE RECESSION AND SOME MAY EVENTUALLY GO BANKRUPT. EPC REVIEW OF ECONOMIC PERFORMANCE IN FIRST HALK 1976 IS EXPECTED TO RESULT IN A SUBSTANTIAL UPWARD REVISION OF REAL ECONOMIC GROWTH TARGET FOR 1976 FROM ORIGINAL ESTIMATE OF 6.4 PERCENT. HIGHER GROWTH RATE SUGGESTED BY ACTUAL 11.2 PERCENT INCREASE IN FIRST HALF--AS RESULT OF STRONG UPSURGE IN FOREIGN TRADE--AND CONTINUED (BUT SLOWER) EXPECTED GROWTH IN SECOND HALF. IN EMBASSY'S VIEW, 1976 GROWTH RATE IN EXCESS OF 8 PERCENT DEFINITELY INDICATED, EVEN THOUGH PREDICATED ON UNCERTAIN FACTORS SUCH AS CONTINUED STRONG DEMAND FROM ROC'S MAJOR FOEIGN MARKETS (U.S., JAPAN, EUROPE), ON ABILITY TO SOLVE OR LOCALIZE DIFFICULTIES IN TEXTILE INDUSTRY, AND ON ABSENCE OF MAJOR NATURAL CALAMITIES SO THAT AGRICULTURAL GROWTH RATE OF ABOUT 3 PERCENT CAN BE REALIZED.

2. KEY ROC ECONOMIC INDICATORS FOR JUNE: ALL FIGURES IN US DOLLAR MILLIONS AND ROUNDED. FIGURES REVISED SINCE PREVIOUS REPORT IN PARENTHESES:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
		PERCENT	PERCENT	PERCENT			
JUNE 76	MAY 76	JUNE 75	A/B - 1	A/C - 1	J-J 76	J-J 75	F/G - 1

MONEY SUPPLY:

3,076	2,876	2,648	6.88	16.16
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NET FOREIGN ASSETS OF BANKING SYSTEM:

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PAGE 03 TAIPEI 05225 01 OF 02 030139Z

2,116	1,992	1,948	6.24	8.63
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IMPORTS ON CUSTOMS BASIS:

593.2	(618.2)	460.3	-4.20	28.87	3,508.5	2,711.3	29.4
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EXPORTS ON CUSTOMS BASIS:

642.2	(609.2)	441.7	5.42	45.39	3,634.2	2,433.4	49.35
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TRADE BALANCE:

49.0 (-10.0) -18.6 125.7 -277.9

IMPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

561.8 (651.0) 479.7 -13.70 17.11 3,390.6 2,428.1 39.64

EXPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

725.5 (663.6) 461.6 9.33 57.17 3,773.2 2,685.1 40.52

TRADE BALANCE ON FOREIGN EXCHANGE SETTLEMENT BASIS:

163.7 (12.6) -18.1 382.6 257.0

IMPORTS FROM US (CUSTOMS):

142.4 163.3 123.1 -12.80 15.68 841.1 780.8 7.72

EXPORTS TO US (CUSTOMS):

240.6 240.4 133.5 0.08 80.22 1,341.7 775.6 72.99

TRADE BALANCE WITH US (CUSTOMS):

98.2 77.1 10.4 500.6 -5.2

INDUSTRIAL PRODUCTION INDEX (1971 EQUAL 100):

184.4 (185.3) 151.6 -0.49 21.64 178.8 138.7 28.91

WHOLESALE PRICE INDEX (1971 EQUAL 100):

176.72 175.48 171.82 0.71 2.85 174.10 170.59 2.06

URBAN CONSUMER PRICE INDEX (1971 EQUAL 100):

176.64 178.16 174.34 -0.85 1.32 176.81 170.96 3.42

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PAGE 01 TAIPEI 05225 02 OF 02 030206Z

63

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 STR-04 EUR-12

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R 030024Z AUG 76

FM AMEMBASSY TAIPEI
 TO SECSTATE WASHDC 0581
 INFO AMEMBASSY SEOUL
 AMCONSUL HONG KONG

UNCLAS SECTION 2 OF 2 TAIPEI 5225/2

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
PERCENT		PERCENT		PERCENT			
JUNE 76	MAY 76	JUNE 75	A/B - 1	A/C - 1	J-J 76	J-J 75	F/G - 1

FOREIGN INVESTMENT APPROVAL VALUE:

15.76	7.72	9.88	104.15	59.51	45.78	42.26	8.33
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US INVESTMENT APPROVAL VALUE:

5.84	1.29	1.22	352.71	378.69	9.67	12.11	-20.15
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3. KEY PRODUCTION FIGURES FOR JUNE, 1976:

POWER GENERATION (MILLION KWH):

2,330	2,327	1,930	0.12	20.71	12,599	10,380	21.38
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YARN (1,000 BALES):

140.4	145.5	131.1	-3.51	7.09	832.9	657.1	26.75
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MAN-MADE FIBER (M/T):

28,570	(28,977)	23,790	-1.40	20.09	169,868	110,988	53.05
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PAGE 02 TAIPEI 05225 02 OF 02 030206Z

PLASTIC POWDER (M/T):

23,983	(20,014)	13,494	19.83	77.73	127,111	59,066	115.20
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FERTILIZER (1,000 M/T):

73.8	(110.3)	96.3	-33.09	-23.36	578.6	619.4	-6.59
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OIL REFINING (1,000 KL):

991.9	1,025.9	759.5	-3.31	30.60	6,280.0	4,265.4	47.23
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CEMENT (1,000 M/T):

724.9	742.8	543.9	-2.41	33.28	4,140.1	3,263.1	26.88
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STEEL MILL PRODUCTS (1,000 M/T):

95.6	(115.7)	74.3	-17.37	28.67	593.5	432.3	37.29
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TELEVISION (1,000 PIECES):

356.9	(317.4)	271.7	12.44	31.36	1,775.0	1,394.8	27.26
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AUTO TIRES (1,000 TIRES):

70.0 (79.0) 57.0 -11.39 22.81 406.0 325.0 24.92

COAL (1,000 M/T):

270.0 (284.4) 260.0 -5.06 3.85 1,550.0 1,515.4 2.28

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Message Attributes

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